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GAIN Report
Global Agricultural Information Network

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Uruguay

Oilseeds and Products Annual

2014

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Report Highlights:
For marketing year (MY) 2014/15 post forecasts planted area for soybeans at 1.35 million hectares, a drop from the current year estimate as producers are expected to rotate more corn, sorghum and winter crops to meet the requirements under the natural resources management plan for soil erosion management and water conservation. In the current year and the first year under the land use plan, MY2013/14, area for soybeans is boosted as producers planted more area with the crop that consistently has the highest margins and the best returns. This year is also the first year that Uruguay will produce more soybean oil than it imports due to increased capacity and demand for crush for the existing biofuels mandate. Area and production for MY2012/13 are also increased based on record production justified by record exports.

Commodities:
Oilseed, Soybean
Oil, Soybean
Meal, Soybean

Production:
Next year, marketing year (MY)2014/15, area planted to soybeans is expected to come down from the current year area in anticipation of more crop rotations as required under the natural resources management plan for soil erosion management and water conservation (see more in the policy section). Contacts expect more area to go to wheat and oats for field coverage or forage as well as corn and sorghum. Area and production are estimated at 1.35 million hectares and 3.4 million metric tons (MMT), respectively, based on average historical yields.

This year is the first year the natural resources management plan for soil erosion management and water conservation is required and as predicted, area for soybeans is boosted as producers planted more area with the crop that consistently has the highest margins and the best returns. There was a drop in corn and sorghum area as soybeans expanded into some to the western and central areas of Uruguay. Furthermore, more area was dedicated to first crop soybeans over second crop soybeans planted over wheat. Historically, about 60 percent of the planted area was dedicated to first crop soybeans, while 40 percent to second crop soy. However, since many producers lost money on their wheat crop in MY2012/13, the ratio of first crop to second crop soybeans is estimated at 75/25 this year. For the current year, MY2013/14, planted area is forecast at 1.5 million hectares, an increase of 300,000 has over USDA official numbers.

The growing season had a hot, dry stretch of weather in December through mid-January which affected planting of second crop soybeans. Some lots that were planted during this time did not make it and those that were planted later are expected to yield less. Contacts indicate that some of the soybeans were planted all the way into the first week of January. The situation changed when rains came in late-January and February. This was a record year for soil humidity and in some areas, fields were flooded. Between the fields lost to the dry weather and to the flooding, harvested area for this year is estimated at 1.45 million hectares. Despite the dry weather, both first and second crop soybeans have recovered and average yields estimated for this year are between 2.5 and 2.6 tons/ha for first crop soybeans and 1.4 to 1.6 tons/ha for second crop soybeans. There has been some worry among producers that there haven't been enough sunny days because of all of the rain, and that could affect the crop during the pod filling stage. Production for this year is estimated at 3.5 MMT.

Both area and production for last year, MY2012/13, are adjusted upward. It was a record year in terms of area, yield and production and this is justified by over 3.5 MMT of exports that have already been

shipped from April 2013 through December 2013. Trade data is usually fairly reliable in Uruguay and since there are little carry-in stocks year-over-year soybean area is set at 1.3 million hectares, production at 3.65 MMT, with average yields at 2.8 tons/ha.

Consumption:
Uruguay imports soybean oil for human consumption and soybean meal for animal feed in the livestock and dairy sectors. Historically, the crushing industry in Uruguay has been marginal as the majority of Uruguay's production is exported as whole beans. This is a changing scenario as new crushing facilities and biodiesel plants have been constructed to help meet the national biodiesel mandate. The National Fuel Administration (ANCAP) published a law in 2007 (Ley N^{o} 18.195) that mandates diesel be mixed with 5 percent biodiesel beginning in 2012 (for more information on biodiesel, see Uruguay Biofuels report in the Global Agricultural Information Network (GAIN) system). This year, contacts in the industry concur that the mandate is currently being met. Alcohols of Uruguay (ALUR), has a couple of biodiesel plants with the total capacity to process approximately 66,000 tons of oil for biodiesel annually. This includes oils from soybeans, sunflower, and rapeseed, therefore the amount of soybeans used for biodiesel production is less than 3 percent of national production.

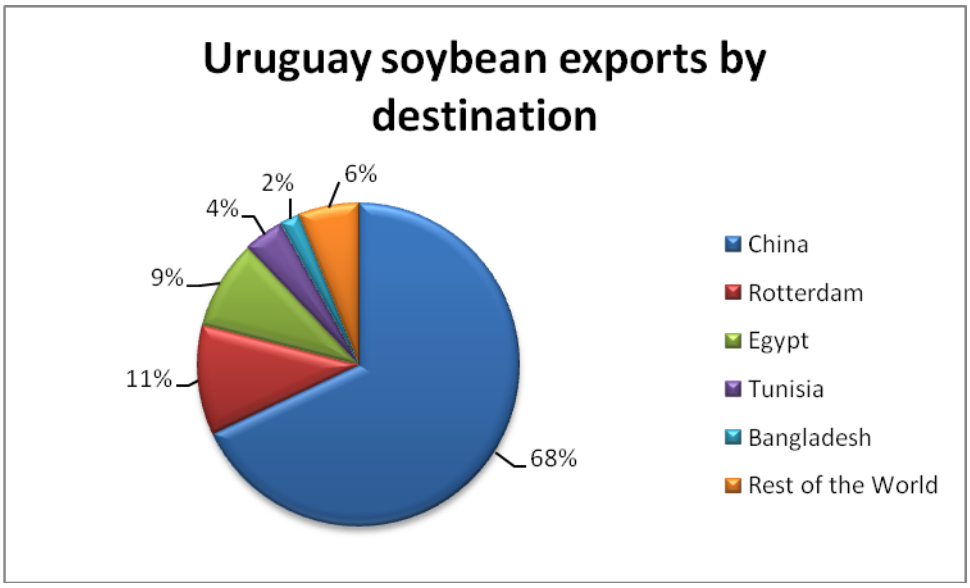
For MY2013/14, approximately 30,000 tons of soybean oil is estimated for biodiesel use. Since oil for biodiesel can come from any raw product, post contacts indicate that there can be fluctuations in the percentages of oil used from soybeans, sunflower and rapeseed, so depending on supply and prices, this number could change. Furthermore, biodiesel in Uruguay has approximately forty percent derived from animal fat, by far the cheapest substitute for oilseeds.

Post estimates crush for MY2014/15 at 200,000 tons. This would be the first year that Uruguay will produce more soybean oil than it imports. Crush for MY2013/14 is estimated at 150,000 tons, 125,000 MT above the USDA official number, and 100,000 tons for MY2012/13. With these crush estimates, consumption of oil for biodiesel processing is estimated at 40,000 tons for MY 2014/15, 30,000 tons for MY2013/14 and 20,000 tons for MY2012/13.

Soybean meal is seen as a residual product from the crush process and all meal produced will go exclusively to animal feed. Demand for feed in the dairy, livestock, pork and poultry sectors is strong. In the livestock industry, pasture and other grains such as sorghum and corn are often used in place of soybean meal however, with higher crush estimates, soybean meal demand is boosted again due to its domestic availability. Furthermore, the poultry and pork sectors continue to be strong and demand soybean meal for feed use. For more information see Uruguay Livestock and Products Annual reports in the GAIN system.

Trade:
Nearly 95 percent of Uruguayan soybeans are exported as whole beans. China dominates the market share with nearly three-quarters of all exports being shipped annually. Other countries that import from

Uruguay, albeit in smaller quantities, include the European Union, Egypt, Tunisia, Bangladesh among others.



Source: Ministry of Livestock, Agriculture and Fisheries Annual Report (Anuario OPYPA 2013)

For MY 2014/15, post forecasts exports at 3.15 MMT. This is a drop of 200,000 MT from the current year exports due to an expected decrease in total planted area and production and a boost in domestic consumption. In the current marketing year, 2013/14, exports are raised to 3.35 MMT based on larger production. Likewise in MY2012/13, exports are boosted by 650,000 MT over the USDA official estimate to 3.55 MMT, also on larger production. Furthermore, official export data from April 2013 through December 2013 shows 3.528 MMT exported. Historically, 95 percent of all soybeans are exported during the first 6 months of the marketing year, April through September.

Because most Uruguayan soybeans are exported as whole beans, Uruguay has traditionally imported oil for human consumption for sale at the retail level. Imported oil is not used for biodiesel production since the biodiesel mandate requires the use of domestic oil. More than two thirds of oil imports come from neighboring Argentina, followed by other MERCOSUR members, Paraguay and Brazil. Imports for soybean oil are expected reach an estimated 30,000 tons during MY2014/15. This is a slight increase over 28,000 tons expected for MY2013/14 and 22,000 tons for MY2012/13.

Soybean meal is imported for feed use in the dairy, livestock, and poultry sectors. As previously mentioned, demand for soybean meal for feed use is expected to remain strong especially for the growing poultry and pork sectors. Although demand for feed use is strong, imports of soybean meal are expected to decrease over the years as domestically produced meal will supplement overall feed consumption.

Post estimates soybean meal imports at 115,000 tons for MY2014/15. For MY2013/14 and MY2012/13, imports are estimated at 125,000 tons and 150,000 tons, respectively. For MY2012/13, official trade data for the first nine months of the marketing year show a total of 125,000 tons imported.

Stocks:
Uruguay holds literally no stocks of soybeans or soybean products.

Policy:
Conservation
Beginning this year, producers in Uruguay are required to submit a mandatory natural resources management and soil use plan to the Ministry of Agriculture. This requirement corresponds to a 30 year old national conservation policy (Decreto 405/2008) and mandates that plans include information on soil use, irrigation, crop rotation, maps on field drainage, fertility, drought risk and erosion risk. It must be completed by a qualified agronomist and every owner that farms more than 100 hectares is required to turn one in. Furthermore, if the land is rented, the requirement drops to 50 hectares of land. Between owned and rented land, this will make up more than 90 percent of the total production area. Ultimately, it is the owner's responsibility to make sure a soil management plan is submitted and if not, they could face fines or sanctions. Plans for summer crops, or soybeans for MY2013/14, were due on September 30, 2013.

As a result of this requirement, there has been a reduction in wheat and barley area and a boost in soybean area this year. As previously mentioned, many contacts indicate that soybean area will drop next year and more winter crops, including oats, will be planted in order to comply with rotation requirements under the plan. In the long run, it is expected to balance soybeans with rotational crops and for the most part, industry contacts support the plan and foresee producers complying with it.

Biotechnology
Genetically engineered soybeans are allowed in Uruguay. In fact, more than 99 percent of all soybean area is planted with Round-up Ready soybeans. Since 2008, several varieties of soybeans have been approved for seed production for export only. It is estimated that less than 0.2 percent of total soybean area is dedicated to these seed varieties. In early 2013, Round-up Ready 2 was approved and contacts estimate that it will take two to three seasons before producers begin to invest in the new technology. There is a small percentage who planted field trials this season to see how it compares to conventional Round-up Ready soybeans. Uruguay also allows field testing of new biotech crops.

For more detailed information on biotechnology, please see the Uruguay Annual Biotechnology reports in the GAIN system.

Production, Supply and Demand Data Statistics:

Oilseed, Soybean Uruguay	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Apr 2013		Market Year Begin: Apr 2014		Market Year Begin: Apr 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,125	1,300	1,200	1,500		1,350
Area Harvested	1,125	1,300	1,200	1,450		1,350
Beginning Stocks	45	45	50	30		15
Production	3,004	3,650	3,120	3,500		3,400
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	3,049	3,695	3,170	3,530		3,415
MY Exports	2,900	3,550	3,040	3,350		3,150
MY Exp. to EU	200	200	200	200		100
Crush	25	100	25	150		200
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	74	15	75	15		15
Total Dom. Cons.	99	115	100	165		215
Ending Stocks	50	30	30	15		50
Total Distribution	3,049	3,695	3,170	3,530		3,415
1000 HA, 1000 MT						

Oil, Soybean Uruguay	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Apr 2013		Market Year Begin: Apr 2014		Market Year Begin: Apr 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	25	100	25	150		200
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	1	3	1	3		3
Production	5	20	5	30		40
MY Imports	20	22	20	28		30
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	26	45	26	61		73
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	20	0	30		40
Food Use Dom. Cons.	25	22	25	28		30
Feed Waste Dom. Cons.	0	0	0	0		0
-	0	0		0		0
Total Dom. Cons.	25	42	25	58		70
Ending Stocks	1	3	1	3		3
Total Distribution	26	45	26	61		73
1000 MT, PERCENT						

Meal, Soybean Uruguay	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Apr 2013		Market Year Begin: Apr 2014		Market Year Begin: Apr 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	25	100	25	150		200
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	2	0	0	5		0
Production	20	80	20	120		160
MY Imports	150	150	150	125		115
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	172	230	170	250		275
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	172	225	170	250		275
Total Dom. Cons.	172	225	170	250		275
Ending Stocks	0	5	0	0		0
Total Distribution	172	230	170	250		275
1000 MT, PERCENT						